



FIRST QUARTERLY REPORT 2015

*A lifetime of security*





#### *Our Vision*

*To be the leading financial services provider, partnering with our customers for a more prosperous and secure future*

#### *Our Mission*

*We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us*

#### *Our Values*

*The standards and principles which determine our behavior and how we interact with our customers and each other*

*Credit Rating  
Long - Term AAA (Triple A)  
Short-Term A1+(A one plus)  
By PACRA*



MCB Bank Limited

CORPORATE PROFILE

Board of Directors:

Mian Mohammad Mansha	Chairman
S. M. Muneer	Vice Chairman
Tariq Rafi	Director
Shahzad Saleem	Director
Sarmad Amin	Director
Aftab Ahmad Khan	Director
Mian Raza Mansha	Director
Mian Umer Mansha	Director
Dato' Seri Ismail Shahudin	Director
Ahmad Alman Aslam	Director
Muhammad Ali Zeb	Director
Mohd Suhail Amar Suresh	Director
Imran Maqbool	President / CEO

Audit Committee:

Ahmad Alman Aslam	Chairman
Tariq Rafi	Member
Aftab Ahmad Khan	Member
Dato' Seri Ismail Shahudin	Member

Chief Financial Officer:	Salman Zafar Siddiqi
Company Secretary:	Fida Ali Mirza
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Principal/Registered Office:	MCB, 15-Main Gulberg Jail Road, Lahore Pakistan
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited 2nd Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi Pakistan  Branch Office: M/s. THK Associates (Pvt.) Limited 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346, Block No. G-III, Khokhar Chowk Main Boulevard, Johar Town, Lahore Pakistan.

## MCB Bank Limited



### DIRECTORS' REPORT - MARCH 2015

I am pleased to place before you, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the 1st quarter ended March 31, 2015;

#### Financial Highlights

	Rs. in Million
Profit Before Taxation	11,874
Taxation	3,962
Profit After Taxation	7,912
Un-appropriated Profit Brought Forward	46,948
Transfer from Surplus on Revaluation of Fixed Assets (net of tax)	12
	46,960
Profit Available for Appropriation	54,872
Appropriations:	
Statutory Reserve	791
Final Cash Dividend – December 2014	4,452
Total Appropriations	5,243
Un-appropriated Profit Carried Forward	49,629

#### Performance Review

From financial performance perspective, MCB Bank has created history by posting the highest ever quarterly profit before tax of Rs. 11.9 Billion and profit after tax of Rs. 7.9 Billion. In comparison with the corresponding period last year, profit before tax has shown exceptional growth of 42% which is mainly contributed by 91% increase in Non-markup income and 20% increase in Net Markup Income. On gross markup income side, the Bank recorded an increase of Rs. 2.7 Billion with major contributions from investments amounting to Rs. 1.8 Billion with growth of 16% and from advances amounting to Rs. 932 Million presenting a growth of 14%. This was made possible with the prudent placements and timely shift in concentration levels of investments.

The interest expense registered an increase of Rs. 704 Million over corresponding period last year mainly due to higher Repo borrowings. On the non-markup income front, the Bank registered significant growth from gain on sale of securities (864%), fee income (23%), dividend income (29%), and other income (28%).

The administrative expense base (excluding pension fund reversal) recorded an increase of 11% which consummates with increased operational and infrastructural outreach. On the Non-Performing Loan front, MCB Bank Limited continued with its recovery trajectory and posted a reversal in provision of Rs. 266 Million.

On the statement of financial position front, the total asset base of the Bank crossed the Trillion mark and was reported at Rs. 1,012.6 Billion presenting a healthy growth of 8% over Dec 2014. Analysis of the asset mix highlights that net investments have increased by Rs. 74.8 Billion (+15%) over December 31, 2014. NPL base of the Bank has decreased by Rs. 224 Million in period under review. Coverage ratio of the Bank was reported at 85.36% with infection ratio improving to 6.73%. On the liabilities side, deposit base of the Bank recorded an increase of Rs. 47.8 Billion (7%) over December 2014.

MCB Bank Limited continued to enjoy the highest CASA mix in the banking industry of 91% with current deposits increasing by 10% and savings deposits by 6% over December 2014. Return on Assets and Return on Equity improved to 3.25% and 29.13% respectively whereas book value per share stood at Rs. 99.19.

The Board of Directors declared 1st interim cash dividend of Rs. 4.00 per share for the period ended March 31, 2015.

## MCB Bank Limited



#### Ratings

PACRA has maintained the long term credit rating AAA [triple A] and maintained the short term credit rating of A1+ [A one plus], through its notification dated June 26, 2014.

#### Economy Review

During the first quarter of 2015, Pakistan managed a precariously balanced act with respect to major economic indicators, treading a fine line between over-performance and under-performance. Growth in Large Scale manufacturing (LSM) was dismal, increasing only by 2.3%, while credit to the private sector declined significantly during the first quarter, on the back of increased government borrowing from scheduled banks. The State Bank slashed its policy rate by 150 points in the first quarter, in two installments, to 8%, which buoyed producer sentiment. Consequently, MCB PMI reflected said producer optimism and stood at 65.13 at March end. Pakistan successfully completed the 6th IMF review meeting under the Extended Fund Facility (EFF) and the IMF expressed satisfaction at the government's commitment to the program and improved economic performance.

Pakistan's foreign exchange reserves maintained the healthy trend demonstrated in the last fiscal year and increased by \$1.3 billion, on account of payments from the Coalition Support Fund and the IMF. FX markets reacted positively to these developments, with USD-PKR rate holding around 102, despite increased pressure to depreciate from on the back of an increasingly strengthened dollar. Although improvements in levels of foreign exchange reserves and easing pressure on the current account, in lieu of declining oil prices, have contributed to improvements in the economic climate, they do not obviate the need for improved fiscal consolidation and structural stability.

Inflationary pressures continued to recede significantly in the first quarter, primarily by virtue of declining global commodity prices. Consumer Price Index (CPI) dropped from 4.30% in December 2014 to 2.49% in March 2015. Performance of the equity markets was mixed in the first quarter; although, for the most part the index remained well above the 30,000 barrier, reaching a high of 34,000, it crashed to 28,000 at the end of March due to increased foreign selling. However, it recovered soon thereafter. In summation, while the economy seems well poised on its way to recovery, the situation warrants the need for extreme caution since the slightest misstep has the potential to incur huge losses.

#### Future Outlook

The first quarter of the year highlight initiatives taken by the Government in a bid to pave economic development. These steps, though in the right direction are dependent on several underlying factors, primarily energy and law & order situation, stability of which is critical in obtaining the anticipated growth projections.

MCB Bank Limited remains committed to provide the most optimal banking services for its customers, strive to strengthen and improve its existing portfolio and tap new markets through innovation in products and services.

#### Acknowledgement

In the end, the Board of Directors of MCB Bank Limited, would like to take the opportunity to thank all the shareholders and customers of the Bank for their trust, our employees for their continuous dedication and commitment, the Government and the State Bank of Pakistan for their support.

on behalf of Directors

Mian Mohammad Mansha  
Chairman

April, 28, 2015



## MCB Bank Limited



### Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2015

	Note	Unaudited March 31, 2015	Audited December 31, 2014
----- (Rupees in '000) -----			
<b>Assets</b>			
Cash and balances with treasury banks		58,008,933	46,753,804
Balances with other banks		3,415,198	3,015,624
Lendings to financial institutions	7	3,610,611	1,418,181
Investments - net	8	585,970,621	511,137,192
Advances - net	9	303,666,404	303,559,480
Operating fixed assets		31,501,509	31,192,588
Deferred tax assets - net		-	-
Other assets - net		26,412,011	37,554,615
		<b>1,012,585,287</b>	<b>934,631,484</b>
<b>Liabilities</b>			
Bills payable		9,869,973	16,627,700
Borrowings	10	89,029,660	59,542,861
Deposits and other accounts	11	736,156,916	688,329,520
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	12,324,160	10,397,100
Other liabilities		28,509,811	29,630,241
		<b>875,890,520</b>	<b>804,527,422</b>
<b>Net assets</b>		<b>136,694,767</b>	<b>130,104,062</b>
<b>Represented by</b>			
Share capital		11,130,307	11,130,307
Reserves		49,637,817	48,830,005
Unappropriated profit		49,628,449	46,947,863
		<b>110,396,573</b>	<b>106,908,175</b>
Surplus on revaluation of assets - net of tax		26,298,194	23,195,887
		<b>136,694,767</b>	<b>130,104,062</b>

### Contingencies and commitments

13

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

Imran Maqbool  
President and Chief Executive

Mian Raza Mansha  
Director

Sarmad Amin  
Director

Muhammad Ali Zeb  
Director

## MCB Bank Limited



### Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2015

	Note	Quarter ended March 31, 2015	Quarter ended March 31, 2014
----- (Rupees in '000) -----			
Mark-up / return / interest earned		20,599,703	17,934,906
Mark-up / return / interest expensed		8,624,667	7,921,024
Net mark-up / interest income		11,975,036	10,013,882
Reversal against loans and advances - net		(249,659)	(552,861)
Reversal for diminution in the value of investments - net		(16,000)	(30,477)
Bad debts written off directly		-	-
		<b>(265,659)</b>	<b>(583,338)</b>
<b>Net mark-up / interest income after provisions</b>		<b>12,240,695</b>	<b>10,597,220</b>
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		2,078,876	1,684,912
Dividend income		357,341	277,519
Income from dealing in foreign currencies		253,125	416,423
Gain on sale of securities - net	14	2,451,131	254,379
Unrealized gain / (loss) on revaluation of investments classified as held for trading		(34,712)	-
Other income		137,223	107,255
Total non mark-up / interest income		5,242,984	2,740,488
		<b>17,483,679</b>	<b>13,337,708</b>
<b>Non-mark-up / interest expenses</b>			
Administrative expenses		5,363,780	4,805,190
Other provisions / (reversals)		(6,800)	(4,390)
Other charges		252,976	180,816
Total non mark-up / interest expenses		5,609,956	4,981,616
		<b>11,873,723</b>	<b>8,356,092</b>
Extraordinary / unusual item		-	-
<b>Profit before taxation</b>		<b>11,873,723</b>	<b>8,356,092</b>
Taxation - current period		3,968,442	2,832,643
- prior years		-	-
- deferred		(6,721)	11,500
		<b>3,961,721</b>	<b>2,844,143</b>
<b>Profit after taxation</b>		<b>7,912,002</b>	<b>5,511,949</b>
Earnings per share - basic and diluted - Rupees	15	7.11	4.95

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

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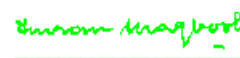
## MCB Bank Limited



### Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the three months period ended March 31, 2015

	Quarter ended March 31, 2015	Quarter ended March 31, 2014
	----- (Rupees in '000) -----	
<b>Profit after tax for the period</b>	<b>7,912,002</b>	5,511,949
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account</b>		
Effect of translation of net investment in foreign branches	16,612	(28,579)
<b>Comprehensive income transferred to equity</b>	<b>7,928,614</b>	5,483,370
<b>Components of comprehensive income not reflected in equity</b>		
Net change in fair value of available for sale securities	5,047,995	2,027,717
Deferred tax	(1,933,782)	(650,308)
	<b>3,114,213</b>	1,377,409
<b>Total comprehensive income for the period</b>	<b>11,042,827</b>	6,860,779

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

  
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President and Chief Executive

  
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Director

  
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Muhammad Ali Zeb  
Director

## MCB Bank Limited



### Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For the three months period ended March 31, 2015

	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>	<b>11,873,723</b>	8,356,092
Profit before taxation	(357,341)	(277,519)
Less: Dividend income	<b>11,516,382</b>	8,078,573
<b>Adjustments for:</b>		
Depreciation	513,379	394,157
Amortization	88,393	69,198
Reversal against loans and advances - net	(249,659)	(552,861)
Reversal for diminution in the value of investments - net	(16,000)	(30,477)
Other provisions / (reversals)	(6,800)	(4,390)
Provision for Workers' Welfare Fund	237,474	167,122
Unrealized (gain) / loss on revaluation of investments classified as held for trading	34,712	-
Gain on disposal of fixed assets	(12,967)	(6,572)
	<b>588,532</b>	36,177
<b>(Increase) / decrease in operating assets</b>	<b>12,104,914</b>	8,114,750
Lendings to financial institutions	(2,192,430)	(303,092)
Net investment in held for trading securities	(153,862)	-
Advances - net	142,735	(4,386,768)
Other assets - net	9,134,662	(1,107,585)
	<b>6,931,105</b>	(5,797,445)
<b>Increase / (decrease) in operating liabilities</b>	<b>(6,757,727)</b>	(1,838,902)
Bills payable	29,521,483	10,565,999
Borrowings	47,827,396	(5,186,643)
Deposits and other accounts	(5,798,694)	3,234,371
Other liabilities	<b>64,792,458</b>	6,774,825
	<b>83,828,477</b>	9,092,130
Income tax paid	(1,763,506)	(558,691)
<b>Net cash flows from operating activities</b>	<b>82,064,971</b>	8,533,439
<b>Cash flows from investing activities</b>	<b>(58,951,298)</b>	(10,851,532)
Net investments in available-for-sale securities	(748,771)	(232,136)
Net investments in held-to-maturity securities	167,147	162,113
Dividend income received	(10,000,000)	-
Investment in subsidiary company	49,785	-
Divestment in associate	12,967	11,634
Sale proceeds of property and equipment disposed off	(910,693)	(729,204)
Investment in operating fixed assets	<b>(70,380,863)</b>	(11,639,125)
<b>Net cash flows from investing activities</b>	<b>(11,333)</b>	(2,367,917)
<b>Cash flows from financing activities</b>	<b>(11,333)</b>	(2,367,917)
Dividend paid	16,612	(28,579)
Exchange difference on translation of net investment in foreign branches	<b>11,689,387</b>	(5,502,182)
<b>Increase in cash and cash equivalents</b>	<b>49,427,335</b>	60,857,124
Cash and cash equivalents at January 1	<b>61,116,722</b>	55,354,942
<b>Cash and cash equivalents at March 31</b>		

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

  
Imran Maqbool  
President and Chief Executive

  
Mian Raza Mansha  
Director

  
Sarmad Amin  
Director

  
Muhammad Ali Zeb  
Director

**Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)**  
For the three months period ended March 31, 2015

	Capital Reserves				Revenue Reserves			
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit	Total
	(Rupees in'000)							
Balance as at December 31, 2013	10,118,461	-	9,702,528	598,192	17,700,494	18,600,000	40,552,043	97,271,718
Change in equity for three months ended March 31, 2014								
Profit after taxation for three months period ended March 31, 2014	-	-	-	-	-	-	5,511,949	5,511,949
Exchange differences on translation of net investment in foreign branches	-	-	-	(28,579)	-	-	-	(28,579)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,907	11,907
Transferred to statutory reserve	-	-	-	-	551,195	-	(551,195)	-
Transfer to reserve for issue of bonus shares	-	1,011,846	-	-	-	-	(1,011,846)	-
Issue of bonus shares - December 31, 2013	1,011,846	(1,011,846)	-	-	-	-	-	-
Final cash dividend - December 31, 2013	-	-	-	-	-	-	(3,541,461)	(3,541,461)
Balance as at March 31, 2014	11,130,307	-	9,702,528	569,613	18,251,689	18,600,000	40,971,397	99,225,534
Change in equity for nine months ended December 31, 2014								
Profit after taxation for nine months ended December 31, 2014	-	-	-	-	-	-	18,812,807	18,812,807
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	139,526	139,526
Exchange differences on translation of net investment in foreign branches	-	-	-	(175,106)	-	-	-	(175,106)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	35,722	35,722
Transferred to statutory reserve	-	-	-	-	1,881,281	-	(1,881,281)	-
Interim cash dividend - March 31, 2014	-	-	-	-	-	-	(3,339,092)	(3,339,092)
Interim cash dividend - June 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)
Interim cash dividend - September 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)
Balance as at December 31, 2014	11,130,307	-	9,702,528	394,507	20,132,970	18,600,000	46,947,863	106,908,175
Change in equity for three months ended March 31, 2015								
Profit after taxation for three months period ended March 31, 2015	-	-	-	-	-	-	7,912,002	7,912,002
Exchange differences on translation of net investment in foreign branches	-	-	-	16,612	-	-	-	16,612
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,907	11,907
Transferred to statutory reserve	-	-	-	-	791,200	-	(791,200)	-
Final cash dividend - December 31, 2014	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Balance as at March 31, 2015	11,130,307	-	9,702,528	411,119	20,924,170	18,600,000	49,628,449	110,396,573

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

  
Imran Maqbool  
President and Chief Executive

  
Mian Raza Mansha  
Director

  
Sarmad Amin  
Director

  
Muhammad Ali Zeb  
Director

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the three months period ended March 31, 2015

**1 STATUS AND NATURE OF BUSINESS**

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,233 branches including 32 Islamic banking branches (December 31, 2014: 1,222 branches including 27 Islamic banking branches) within Pakistan and 11 (December 31, 2014: 10) branches outside the country (including the Karachi Export Processing Zone Branch).

**2 BASIS OF PRESENTATION**

**2.1** This financial information represents unconsolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is being issued separately.

**2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in the financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

**2.3** The financial results of the Islamic banking branches have been consolidated in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to this unconsolidated condensed interim financial information.

**2.4** For the purpose of translation, rates of Rs. 101.9442 per US Dollar (2014: Rs.100.4831) and Rs. 0.7665 per LKR (2014: Rs 0.7659) have been used.

**3 STATEMENT OF COMPLIANCE**

**3.1** The unconsolidated condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

**3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**3.3** The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2014.

**4 BASIS OF MEASUREMENT**

**4.1** This unconsolidated condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

**4.2** This unconsolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

**5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT**

**5.1** The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

**5.2** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2014.

## 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

## 7. LENDINGS TO FINANCIAL INSTITUTIONS

LENDINGS TO FINANCIAL INSTITUTIONS	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	-----
Call money lendings	153,300	382,950
Repurchase agreement lendings	3,457,311	1,035,231
	<u>3,610,611</u>	<u>1,418,181</u>

## 8 INVESTMENTS - NET

### 8.1 Investments by types

Held-for-trading securities		206,192	-	206,192
Available-for-sale securities	8.2	478,485,916	65,911,595	544,397,511
Held-to-maturity securities		8,558,562	58,641	8,617,203
		487,250,670	65,970,236	553,220,906

Associates	8.3	946,336	-	946,336
Subsidiaries	8.4	10,576,507	-	10,576,507
		11,522,843	-	11,522,843

## Investments at cost

Less: Provision for diminution in the value of investments	(1,686,749)	-	(1,686,749)
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## Investments (net of provisions)

Surplus on revaluation of available for sale securities - net	22,897,163	53,443	22,950,606
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Deficit on revaluation of held-for-trading securities - net	(36,985)	-	(36,985)
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## Investments at revalued amounts - net of provisions

December 31, 2014

		December 31, 2014		
		Held by bank	Given as collateral	Total
		----- (Rupees in 000) -----		
Held-for-trading securities		52,330	-	52,330
Available-for-sale securities	8.2	459,521,532	25,908,740	485,430,272
Held-to-maturity securities		7,825,991	58,441	7,884,432
		467,399,853	25,967,181	493,367,034

Associates	8.3	996,121	-	996,121
Subsidiaries		576,507	-	576,507
		1,572,628	-	1,572,628

## Investments at cost

Less: Provision for diminution in the value of investments	(1,702,808)	-	(1,702,808)
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## Investments (net of provisions)

Surplus / (deficit) on revaluation of available for sale securities - net	17,915,048	(12,437)	17,902,611
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Deficit on revaluation of held-for-trading securities - net	(2,273)	-	(2,273)
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## Investments at revalued amounts - net of provisions

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**8.2** Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2014: Rs. 232.600 million)

**8.3** Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 893.815 million (December 31, 2014: Rs. 943.600 million) as at March 31, 2015 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2015 amounted to Rs. 3,860.946 million (December 31, 2014: Rs. 5,042.493 million).

**8.4** The Bank incorporated MCB Islamic Bank Limited, a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. Subject to regulatory approvals, the operations of Islamic Banking Division of MCB Bank Limited referred in Note 19 will be transferred to the said subsidiary. The commercial operation of the said subsidiary will start after formal go ahead from State Bank of Pakistan. During the year 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary.

## 9 ADVANCES - NET

	March 31, 2015	December 31, 2014
	-----	-----
	(Rupees in '000)	(Rupees in '000)

Loans, cash credits, running finances, etc		
- In Pakistan	284,755,210	280,297,779
- Outside Pakistan	15,905,813	13,976,672
	300,661,023	294,274,451

Islamic Financing and related assets	19.1	11,107,357	13,885,804
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Net Investment in finance lease		
- In Pakistan	2,134,954	2,101,598
- Outside Pakistan	88,256	92,758
	2,223,210	2,194,356

Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	4,545,016	4,406,599
- Payable outside Pakistan	3,640,335	7,556,783
	8,185,351	11,963,382

## Advances - gross

Less: Provision against loans and advances			
- Specific provision	9.1	(17,904,802)	(18,149,201)
- General provision		(322,165)	(322,307)
- General provision against consumer loans & small enterprise loans		(248,008)	(254,595)
- General provision by Sri Lanka operations		(35,562)	(32,410)
		(18,510,537)	(18,758,513)

## Advances - net of provision

Advances include Rs. 21,684.111 million (December 31, 2014: Rs. 21,907.791 million) which have been placed under non-performing status as detailed below:

		March 31, 2015				
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	29,312	-	29,312	1,780	1,780
Substandard		213,738	1,609	215,347	53,659	53,659
Doubtful		969,059	3,400	972,459	486,090	486,090
Loss		15,542,951	4,924,042	20,466,993	17,363,273	17,363,273
		16,755,060	4,929,051	21,684,111	17,904,802	17,904,802



**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the three months period ended March 31, 2015

Category of Classification	December 31, 2014				
	Classified Advances			Specific Provision	Specific
	Domestic	Overseas	Total	Required	Provision Held
(Rupees in '000)					
Other Assets Especially Mentioned (OAEM) 9.1.1	50,405	-	50,405	3,477	3,477
Substandard	234,172	-	234,172	58,352	58,352
Doubtful	873,888	-	873,888	436,526	436,526
Loss	15,896,249	4,853,077	20,749,326	17,650,846	17,650,846
	17,054,714	4,853,077	21,907,791	18,149,201	18,149,201

9.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

		March 31, 2015	December 31, 2014
		(Rupees in '000)	
<b>10 BORROWINGS</b>			
In Pakistan		84,211,711	52,126,784
Outside Pakistan		4,817,949	7,416,077
		89,029,660	59,542,861
<b>10.1 Details of borrowings (secured / unsecured)</b>			
<b>Secured</b>			
<b>Borrowings from State Bank of Pakistan</b>			
Export refinance scheme		11,743,041	10,604,033
Long term financing facility		4,734,755	4,828,527
Long term financing - export oriented projects scheme		45,225	60,365
Financing Facility for Storage of Agricultural Produce		464,775	509,061
		16,987,796	16,001,986
Repurchase agreement borrowings		66,282,555	25,952,261
		83,270,351	41,954,247
<b>Unsecured</b>			
Borrowings from other financial institutions		1,040,572	4,463,273
Call borrowings		4,411,328	12,783,248
Overdrawn nostro accounts		307,409	342,093
		5,759,309	17,588,614
		89,029,660	59,542,861
<b>11 DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		63,634,405	62,126,560
Savings deposits		407,868,256	382,582,290
Current accounts		239,019,411	227,132,866
Margin accounts		4,286,052	4,207,605
		714,808,124	676,049,321
<b>Financial institutions</b>			
Remunerative deposits		5,704,991	7,193,847
Non-remunerative deposits		15,643,801	5,086,352
		21,348,792	12,280,199
		736,156,916	688,329,520

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the three months period ended March 31, 2015

		March 31, 2015	December 31, 2014
		(Rupees in '000)	
<b>12 DEFERRED TAX LIABILITY / (ASSET) - NET</b>			
The details of the tax effect of taxable and deductible temporary differences are as follows:			
<b>Taxable temporary differences on:</b>			
Surplus on revaluation of operating fixed assets		925,434	931,846
Accelerated tax depreciation		1,350,422	1,391,924
Receivable from pension fund		2,568,389	2,542,139
Surplus / deficit on revaluation of securities		7,880,864	5,947,082
		12,725,109	10,812,991
<b>Deductible temporary differences on:</b>			
Provision for bad debts		(19,404)	(21,640)
Provision for post retirement benefits		(381,545)	(394,251)
		(400,949)	(415,891)
		12,324,160	10,397,100
<b>13 CONTINGENCIES AND COMMITMENTS</b>			
<b>13.1 Direct credit substitutes</b>			
Contingent liabilities in respect of guarantees given favouring			
- Government		14,579,714	15,307,109
- Banks and financial institutions		3,547,281	3,895,904
- Others		16,440,501	15,334,608
		34,567,496	34,537,621
<b>13.2 Transaction-related contingent liabilities</b>			
Guarantees in favour of:			
- Banks and financial institutions		40,471	-
- Others		2,224,418	2,026,346
- Suppliers credit / payee guarantee		2,235,176	2,235,176
		4,500,065	4,261,522
<b>13.3 Trade-related contingent liabilities</b>			
		84,492,487	86,547,085
<b>13.4 Other contingencies</b>			
Claims against the Bank not acknowledged as debts		3,065,783	3,393,783
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.			
<b>13.5 Commitments to extend credit</b>			
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
<b>13.6 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		52,333,183	47,859,438
Sale		50,762,657	49,478,965
		104,787	125,438
<b>13.7 Commitments for the acquisition of fixed assets</b>			
<b>13.8 Forward outright of Government Securities</b>			
Purchase		150,000	100,000
Sale		400,000	250,000
<b>13.9 Other commitments</b>			
FX options (notional amount)			
Purchase		371,507	-
Sale		371,507	-

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the three months period ended March 31, 2015

**13.10 Taxation**

For assessment year 1988-89 through tax year 2014, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs.4,278 million (2014: Rs.3,818 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

**14 GAIN ON SALE OF SECURITIES - NET**

	Three months ended	
	March 31, 2015	March 31, 2014
	---- (Rupees in '000) ----	
Federal Government Securities		
-Market Treasury Bills	1,699	299
-Pakistan Investment Bonds	1,097,222	7,620
Listed Shares	1,352,210	246,460
	<b>2,451,131</b>	<b>254,379</b>

**15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX**

Profit after taxation	<b>7,912,002</b>	5,511,949
	(Number of shares)	
Weighted average number of shares outstanding during the period	<b>1,113,030,748</b>	1,113,030,748
	(Rupees)	
Basic and diluted Earnings per share - after tax	<b>7.11</b>	4.95

**16 CREDIT RATING**

PACRA through its notification dated June 26, 2014, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the three months period ended March 31, 2015

**17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

The segment analysis with respect to business activity is as follows:

	Three months ended March 31, 2015					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination	Total
	----- (Rupees in '000) -----					
Total income	80,293	5,574,159	9,302,912	2,260,656	-	17,218,020
Total expenses	(12,448)	(328,147)	(4,145,247)	(858,455)	-	(5,344,297)
Income tax expense	-	-	-	-	-	(3,961,721)
<b>Net income</b>	<b>67,845</b>	<b>5,246,012</b>	<b>5,157,665</b>	<b>1,402,201</b>	<b>-</b>	<b>7,912,002</b>
Segment assets - (Gross of NPLs Provisions)	784,836	667,658,112	802,047,083	243,098,669	(684,090,536)	1,029,498,164
Advance taxation (payment less provision)	-	-	-	-	-	991,925
<b>Total assets</b>	<b>784,836</b>	<b>667,658,112</b>	<b>802,047,083</b>	<b>243,098,669</b>	<b>(684,090,536)</b>	<b>1,030,490,089</b>
Segment non performing loans	-	-	8,095,716	13,588,395	-	21,684,111
Segment specific provision required	-	-	8,064,442	9,840,360	-	17,904,802
Segment liabilities	67,471	589,195,820	740,106,606	218,286,999	(684,090,536)	863,566,360
Deferred tax liabilities - net	-	-	-	-	-	12,324,160
<b>Total liabilities - net</b>	<b>67,471</b>	<b>589,195,820</b>	<b>740,106,606</b>	<b>218,286,999</b>	<b>(684,090,536)</b>	<b>875,890,520</b>
Segment return on assets (ROA) (%)	40.92%	3.34%	4.69%	3.88%	-	-
Segment cost of fund (%)	-	8.82%	5.34%	7.87%	-	-

	Three months ended March 31, 2014					
	----- (Rupees in '000) -----					
Total income	20,595	1,700,188	8,834,278	2,199,309	-	12,754,370
Total expenses	(8,770)	(173,705)	(3,538,024)	(677,779)	-	(4,398,278)
Income tax expense	-	-	-	-	-	(2,844,143)
<b>Net income</b>	<b>11,825</b>	<b>1,526,483</b>	<b>5,296,254</b>	<b>1,521,530</b>	<b>-</b>	<b>5,511,949</b>
Segment assets - (Gross of NPLs provision)	184,777	507,904,223	713,035,157	219,800,492	(598,682,065)	842,242,584
Advance taxation (payment less provision)	-	-	-	-	-	3,807,568
<b>Total assets</b>	<b>184,777</b>	<b>507,904,223</b>	<b>713,035,157</b>	<b>219,800,492</b>	<b>(598,682,065)</b>	<b>846,050,152</b>
Segment non performing loans	-	-	9,386,414	13,128,005	-	22,514,419
Segment specific provision required	-	-	9,334,562	9,463,842	-	18,798,404
Segment liabilities	25,674	483,380,164	634,756,551	189,357,945	(598,682,065)	708,838,269
Deferred tax liabilities - net	-	-	-	-	-	4,863,180
<b>Total liabilities - net</b>	<b>25,674</b>	<b>483,380,164</b>	<b>634,756,551</b>	<b>189,357,945</b>	<b>(598,682,065)</b>	<b>713,701,449</b>
Segment return on assets (ROA) (%)	44.58%	1.34%	5.02%	4.18%	-	-
Segment cost of fund (%)	-	9.78%	6.23%	9.57%	-	-

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

Segment cost of funds have been computed based on the average balances.

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the three months period ended March 31, 2015

**18 RELATED PARTY TRANSACTIONS AND BALANCES**  
The Bank has related party relationship with its associates, subsidiaries, employee benefit plans and its key management personnel (including their associates) and companies with common directors. The Bank enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Details of transactions with related parties and balances with them as at the period-end were as follows:

	Directors		Associates		Subsidiary companies		Other Related Parties		Key Management	
	Three months ended March 31, 2015	Year ended Dec 31, 2014	Three months ended March 31, 2015	Year ended Dec 31, 2014	Three months ended March 31, 2015	Year ended Dec 31, 2014	Three months ended March 31, 2015	Year ended Dec 31, 2014	Three months ended March 31, 2015	Year ended Dec 31, 2014
(Rupees in '000)										
<b>A. Balances</b>										
<b>Deposits</b>										
Opening balance	3,386,220	931,665	1,719,822	978,408	62,291	24,771	11,923,096	14,487,517	135,024	125,197
Received during the period / year	171,516	5,719,181	9,997,498	9,719,217	1,002,787	181,926	23,519,359	53,502,747	220,782	1,131,625
Withdrawn during the period / year	(1,063,346)	(3,264,626)	(10,379,856)	(8,977,803)	(1,005,722)	(144,406)	(24,665,431)	(56,067,168)	(211,850)	(1,121,798)
Closing balance	2,494,390	3,386,220	1,337,464	1,719,822	59,356	62,291	10,777,024	11,923,096	143,956	135,024
<b>Advances (secured)</b>										
Opening balance	1,549	2,185	-	-	502,416	526,623	21,918	116,584	68,672	67,765
Additions/adjustments during the period / year	-	-	-	-	7,306	-	30,200	627,390	9,109	16,042
Repaid during the period / year	(196)	(636)	-	-	-	(24,208)	(21,918)	(722,056)	(4,170)	(15,135)
Closing balance	1,353	1,549	-	-	509,722	502,416	30,200	21,918	73,611	68,672
<b>Outstanding balance of credit cards</b>	351	709	-	-	-	-	403	78	1,833	1,631
<b>Receivable from Pension Fund</b>	-	-	-	-	-	-	7,338,254	-	-	-
<b>B. Other transactions (including profit and loss related transactions)</b>										
(Rupees in '000)										
<b>Outstanding commitments and contingent liabilities</b>										
Forward foreign exchange contracts (Notional) - outstanding	-	-	11,405	11,405	-	-	103,579	656	-	-
Unrealized gain / (loss) on forward foreign exchange contracts Outstanding	-	-	-	-	-	-	8,527,233	7,497,696	-	-
Borrowings	-	-	-	-	-	-	(43,730)	(30,613)	-	-
Trade payable	-	-	11,574	9,757	543	6,541	509,721	4,019,324	-	-
Capital Injection	-	-	-	-	10,000,000	-	39,162	5,653	-	-
Retention money	-	-	-	-	-	-	-	-	-	-
Markup payable	13,418	14,407	5,498	8,511	99	148	61,099	137,646	342	681
Other payable	855	-	245	-	-	-	2,000	-	-	-
Advance receivable	-	-	-	-	1,067	1,067	44,000	44,000	-	-
Markup Receivable	-	-	-	-	5,060	8,820	34	419	648	-
Other Receivable	-	-	-	-	34,518	41,778	-	-	-	-
Commission Receivable	-	-	14,316	-	20,349	38,437	-	-	-	-

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the three months period ended March 31, 2015

	Directors		Associates		Subsidiary companies		Other Related Parties		Key Management	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in '000)										
Insurance premium paid-net of refund	-	-	220,485	209,263	-	-	-	-	-	-
Insurance claim settled	-	-	3,310	13,914	-	-	-	-	-	-
Markup income on advances	18	-	-	-	6,350	5,842	37	1,344	1,582	1,353
Forward contracts during the period	-	-	-	-	-	-	16,012,501	18,766,536	-	-
Rent Income Received	-	-	-	-	-	-	21,562	-	-	-
Dividend Income	-	-	-	-	55,435	46,196	-	-	-	-
Capital gain on sale of investments	-	-	224,707	-	-	-	-	-	-	-
Commission income	-	-	138,753	103,262	37,320	9,568	3,389	1,486	-	-
Reimbursement of expenses	-	-	-	-	2,250	2,750	-	-	-	-
Outsourcing service expenses	-	-	29,350	32,450	-	-	-	-	-	-
Switch Expense	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	7	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	7	-
Cash sorting expenses	-	-	-	-	-	-	-	-	-	-
Stationary Expenses	-	-	-	-	-	-	-	-	-	-
Security guard expenses	-	-	-	-	-	-	-	-	-	-
Remuneration and non-executive directors fee	-	-	-	-	-	-	-	-	-	-
Mark-up expense	55,030	46,303	-	-	-	-	-	-	226,089	203,348
Clearing expenses paid to NIFT	45,694	8,769	17,893	9,534	327	375	191,174	130,070	583	156
Contribution to provident fund	-	-	-	-	-	-	37,254	33,890	-	-
Gas Charges	-	-	-	-	-	-	59,340	54,547	-	-
Miscellaneous expenses and payments	-	-	-	-	-	-	3,665	2,928	-	-
The Chairman of the Bank has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.	-	-	1,632	1,005	-	-	11,341	7,573	-	-

## MCB Bank Limited



### Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

#### 19 ISLAMIC BANKING BUSINESS

The Bank is operating 32 Islamic banking branches as at March 31, 2015 (2014: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at March 31, 2015 is as follows:

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
<b>Assets</b>		
Cash and balance with treasury banks	906,757	611,058
Balance with other banks	1,794,035	-
Due from financial institution	-	-
Investments - net	5,380,190	3,707,589
Islamic financing and related assets	10,989,587	13,768,034
Operating fixed assets	2,127,497	2,175,818
Deferred tax assets	-	-
Other assets	185,439	67,535
	<b>21,383,505</b>	<b>20,330,034</b>
<b>Liabilities</b>		
Bills payable	105,860	96,574
Due to financial institution	824,950	515,200
Deposits and other accounts		
- Current accounts	1,365,040	1,127,464
- Saving accounts	2,342,457	1,978,248
- Term deposits	2,697,016	3,122,950
- Others	30,601	29,847
Deposits from financial institution - remunerative	67,424	4,728,287
Deposits from financial institution - non remunerative	10,000,012	12
Due to head office	1,383,215	6,427,402
Deferred tax liability	-	-
Other liabilities	475,484	541,245
	<b>19,292,059</b>	<b>18,567,229</b>
<b>Net assets</b>	<b>2,091,446</b>	<b>1,762,805</b>
<b>Represented by</b>		
Islamic Banking Fund	1,900,000	1,500,000
Unappropriated profit	151,280	243,462
	<b>2,051,280</b>	<b>1,743,462</b>
Surplus on revaluation of assets	40,166	19,343
	<b>2,091,446</b>	<b>1,762,805</b>

## MCB Bank Limited



### Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
<b>19.1 Islamic Financing and Related Assets</b>		
Murabaha	9,390,483	12,097,673
Ijarah	76,420	108,984
Diminishing Musharakah	1,640,454	1,679,147
<b>Gross Advances</b>	<b>11,107,357</b>	<b>13,885,804</b>
Provision held	(117,770)	(117,770)
<b>Advance - net of provision</b>	<b>10,989,587</b>	<b>13,768,034</b>
<b>19.1.1 Murabaha</b>		
Financing/Investments/Receivables	4,031,976	4,534,519
Advances	593,902	1,036,720
Assets/Inventories	4,764,605	6,526,434
	<b>9,390,483</b>	<b>12,097,673</b>
<b>19.1.2 Ijarah</b>		
Advances	76,420	108,984
	<b>76,420</b>	<b>108,984</b>
<b>19.1.3 Diminishing Musharakah</b>		
Financing/Investments/Receivables	1,640,454	1,554,785
Advances	-	124,362
	<b>1,640,454</b>	<b>1,679,147</b>
<b>CHARITY FUND</b>		
Opening balance	19,681	2,877
<b>Additions during the period</b>		
Received from customers on delayed payments	403	20,919
Return on charity saving account	218	885
	<b>621</b>	<b>21,804</b>
<b>Payments / utilization during the period</b>		
Social Welfare	-	(2,000)
Health	-	(2,000)
Education	-	(1,000)
	<b>-</b>	<b>(5,000)</b>
Closing balance	<b>20,302</b>	<b>19,681</b>



**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
**For the three months period ended March 31, 2015**

The profit and loss account of the Bank's Islamic banking business for the three months period ended March 31, 2015 is as follows:

	Quarter ended March 31, 2015	Quarter ended March 31, 2014
	----- (Rupees in '000) -----	
Income / return / profit earned	427,124	275,900
Income / return / profit expensed	170,208	194,917
Net Income / Profit	256,916	80,983
Provision / (reversal) against loans and advances - net	-	-
Provision / (reversal) for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Net profit / income after provisions	256,916	80,983
<b>Other income</b>		
Fee, commission and brokerage income	145,115	108,693
Dividend income	-	-
Income from dealing in foreign currencies	4,772	4,077
Other Income	25,455	3,858
Total other income	175,342	116,628
<b>Other expenses</b>		
Administrative expenses	280,978	177,610
Other provisions / write offs	-	-
Other charges (Penalty paid to SBP)	-	-
Total other expenses	280,978	177,610
Extra ordinary / unusual items	-	-
Profit before taxation	151,280	20,001
Remuneration to Shariah Advisor / Board	522	522

**20 GENERAL**

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this unconsolidated condensed interim financial information.

**21 NON-ADJUSTING EVENT**

The Board of Directors in its meeting held on April 28, 2015 has announced cash dividend in respect of the three months ended March 31, 2015 of Rs. 4.00 per share (March 31, 2014: Rs. 3.00 per share). This unconsolidated condensed interim financial information for the three months period ended March 31, 2015 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

**22 DATE OF AUTHORIZATION FOR ISSUE**

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 28, 2015.

  
Imran Maqbool  
President and Chief Executive

  
Mian Raza Mansha  
Director

  
Sarmad Amin  
Director

  
Muhammad Ali Zeb  
Director



**MCB BANK LIMITED**

*(Consolidated Financial Statements of MCB Bank Limited and its Subsidiary Companies)*

## MCB Bank Limited & Subsidiary Companies



### Consolidated Condensed Interim Statement of Financial Position As at March 31, 2015

	Note	Unaudited March 31, 2015	Audited December 31, 2014
----- (Rupees in '000) -----			
<b>Assets</b>			
Cash and balances with treasury banks		58,009,017	46,753,868
Balances with other banks		3,467,907	3,063,774
Lendings to financial institutions	7	3,610,611	1,418,181
Investments - net	8	581,150,189	516,898,299
Advances - net	9	303,854,930	304,000,563
Operating fixed assets		31,886,400	31,583,646
Deferred tax assets - net		-	-
Other assets - net		26,769,488	37,888,155
		<b>1,008,748,542</b>	<b>941,606,486</b>
<b>Liabilities</b>			
Bills payable		9,869,973	16,627,700
Borrowings	10	89,199,463	59,776,578
Deposits and other accounts	11	726,099,053	688,270,091
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	12,670,897	10,735,841
Other liabilities		28,839,601	29,927,070
		<b>866,678,987</b>	<b>805,337,280</b>
		<b>142,069,555</b>	<b>136,269,206</b>
<b>Net assets</b>			
<b>Represented by</b>			
Share capital		11,130,307	11,130,307
Reserves		49,940,423	49,200,045
Unappropriated profit		52,386,897	49,765,031
		<b>113,457,627</b>	<b>110,095,383</b>
Minority interest		488,553	511,960
		<b>113,946,180</b>	<b>110,607,343</b>
Surplus on revaluation of assets - net of tax		28,123,375	25,661,863
		<b>142,069,555</b>	<b>136,269,206</b>

### Contingencies and commitments

13

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool  
President and Chief Executive

Mian Raza Mansha  
Director

Sarmad Amin  
Director

Muhammad Ali Zeb  
Director

## MCB Bank Limited & Subsidiary Companies



### Consolidated Condensed Interim Profit and Loss Account (Un-audited) For the three months period ended March 31, 2015

	Note	Quarter ended March 31, 2015	Quarter ended March 31, 2014
----- (Rupees in '000) -----			
Mark-up / return / interest earned		20,624,482	17,960,821
Mark-up / return / interest expensed		8,628,487	7,922,358
Net mark-up / interest income		11,995,995	10,038,463
Reversal against loans and advances - net		(249,557)	(552,861)
Reversal for diminution in the value of investments - net		(16,000)	(30,477)
Bad debts written off directly		-	-
		<b>(265,557)</b>	<b>(583,338)</b>
		<b>12,261,552</b>	<b>10,621,801</b>
<b>Net mark-up / interest income after provisions</b>			
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		2,231,737	1,803,474
Dividend income		301,906	231,323
Income from dealing in foreign currencies		124,029	416,455
Gain on sale of securities - net	14	2,427,067	250,870
Unrealized gain on revaluation of investments classified as held for trading		16,199	23,981
Other income		138,786	107,910
Total non mark-up / interest income		5,239,724	2,834,013
		<b>17,501,276</b>	<b>13,455,814</b>
<b>Non-mark-up / interest expenses</b>			
Administrative expenses		5,461,091	4,897,639
Other provisions / (reversals)		(6,800)	(4,390)
Other charges		253,036	180,816
Total non mark-up / interest expenses		5,707,327	5,074,065
		<b>11,793,949</b>	<b>8,381,749</b>
Share of profit of associates		223,226	189,168
Extraordinary / unusual item		-	-
		<b>12,017,175</b>	<b>8,570,917</b>
<b>Profit before taxation</b>			
Taxation - current period		3,967,952	2,847,203
- prior years		-	-
- deferred		1,236	30,764
Share of tax of associates		12,371	18,178
		<b>3,981,559</b>	<b>2,896,145</b>
		<b>8,035,616</b>	<b>5,674,772</b>
<b>Profit after taxation</b>			
Profit attributable to minority interest		(31,894)	(23,719)
<b>Profit attributable to ordinary shareholders</b>		<b>8,003,722</b>	<b>5,651,053</b>
Earnings per share - basic and diluted - Rupees	15	<b>7.19</b>	<b>5.08</b>

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool  
President and Chief Executive

Mian Raza Mansha  
Director

Sarmad Amin  
Director

Muhammad Ali Zeb  
Director

## MCB Bank Limited & Subsidiary Companies



### Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the three months period ended March 31, 2015

	Quarter ended March 31, 2015	Quarter ended March 31, 2014
	----- (Rupees in '000) -----	
<b>Profit after tax for the period</b>	<b>8,035,616</b>	5,674,772
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account</b>		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	(36,580)	(41,933)
- Minority interest	(2,800)	(698)
	(39,380)	(42,631)
Share of exchange translation reserve of associates	(14,242)	(22,569)
<b>Comprehensive income transferred to equity</b>	<b>7,981,994</b>	5,609,572
<b>Components of comprehensive income not reflected in equity</b>		
Net change in fair value of available for sale securities	5,051,907	2,042,851
Deferred tax	(1,933,782)	(650,308)
	3,118,125	1,392,543
<b>Total comprehensive income for the period</b>	<b>11,100,119</b>	7,002,115

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool  
President and Chief Executive

Mian Raza Mansha  
Director

Sarmad Amin  
Director

Muhammad Ali Zeb  
Director

## MCB Bank Limited & Subsidiary Companies



### Consolidated Condensed Interim Cash Flow Statement (Un-audited) For the three months period ended March 31, 2015

	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Profit before taxation	12,017,175	8,570,917
Less: Dividend income & share of profit of associates	(525,132)	(420,491)
	11,492,043	8,150,426
<b>Adjustments for:</b>		
Depreciation	517,456	394,157
Amortization	89,716	69,198
Reversal against loans and advances - net	(249,557)	(552,861)
Reversal for diminution in the value of investments - net	(16,000)	(30,477)
Other provisions / (reversals)	(6,800)	(4,390)
Provision for Workers' Welfare Fund	237,474	167,122
Unrealized gain on revaluation of investments classified as held for trading	(16,199)	(23,981)
Gain on disposal of fixed assets	(12,967)	(6,572)
	543,123	12,196
	12,035,166	8,162,622
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(2,192,430)	(303,092)
Net investment in held for trading securities	(140,247)	146,766
Advances - net	395,190	(4,328,334)
Other assets - net	9,157,872	(1,188,284)
	7,220,385	(5,672,944)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(6,757,727)	(1,838,902)
Borrowings	29,457,569	10,542,870
Deposits and other accounts	37,828,962	(5,180,776)
Other liabilities	(5,765,733)	3,275,985
	54,763,071	6,799,177
	74,018,622	9,288,855
	(1,810,123)	(558,599)
	72,208,499	8,730,256
<b>Net cash flows from operating activities</b>		
<b>Cash flows from investing activities</b>		
Net investments in available-for-sale securities	(58,927,022)	(10,948,605)
Net investments in held-to-maturity securities	(748,771)	(232,136)
Dividend income received	111,712	115,917
Divestment in associate	49,785	-
Sale proceeds of property and equipment disposed off	12,967	11,634
Investment in operating fixed assets	(909,926)	(724,568)
<b>Net cash flows from investing activities</b>	<b>(60,411,255)</b>	(11,777,758)
<b>Cash flows from financing activities</b>		
Dividend paid	(63,898)	(2,411,721)
<b>Net cash flows from financing activities</b>	<b>(63,898)</b>	(2,411,721)
Exchange difference on translation of net investment in foreign branches & subsidiaries	(39,380)	(42,631)
<b>Increase in cash and cash equivalents</b>	<b>11,693,966</b>	(5,501,854)
Cash and cash equivalents at January 1	49,475,549	60,914,906
<b>Cash and cash equivalents at March 31</b>	<b>61,169,515</b>	55,413,052

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool  
President and Chief Executive

Mian Raza Mansha  
Director

Sarmad Amin  
Director

Muhammad Ali Zeb  
Director

## MCB Bank Limited & Subsidiary Companies



### Consolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the three months period ended March 31, 2015

	Capital Reserves				Revenue Reserves			Sub Total	Minority interest	Total
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit			
	(Rupees in '000)									
Balance as at December 31, 2013	10,118,461	-	9,924,438	784,004	17,700,494	18,600,000	43,038,094	100,165,491	489,671	100,655,162
<b>Change in equity for three months ended March 31, 2014</b>										
Profit after taxation for three months period ended March 31, 2014	-	-	-	-	-	-	5,674,772	5,674,772	-	5,674,772
Profit attributable to minority interest	-	-	-	-	-	-	(23,719)	(23,719)	23,719	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	5,651,053	5,651,053	23,719	5,674,772
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(41,933)	-	-	-	(41,933)	(698)	(42,631)
Share of exchange translation reserve of associates	-	-	-	(22,569)	-	-	-	(22,569)	-	(22,569)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,977	11,977	66	12,043
Transferred to statutory reserve	-	-	-	-	551,195	-	(551,195)	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(43,804)	(43,804)
Transfer to reserve for issue of bonus shares	-	1,011,846	-	-	-	-	(1,011,846)	-	-	-
Issue of bonus shares - December 31, 2013	1,011,846	(1,011,846)	-	-	-	-	-	-	-	-
Final cash dividend - December 31, 2013	-	-	-	-	-	-	(3,541,461)	(3,541,461)	-	(3,541,461)
<b>Balance as at March 31, 2014</b>	<b>11,130,307</b>	<b>-</b>	<b>9,924,438</b>	<b>719,502</b>	<b>18,251,689</b>	<b>18,600,000</b>	<b>43,596,622</b>	<b>102,222,558</b>	<b>468,954</b>	<b>102,691,512</b>
<b>Change in equity for nine months ended December 31, 2014</b>										
Profit after taxation for nine months ended December 31, 2014	-	-	-	-	-	-	19,099,674	19,099,674	-	19,099,674
Profit attributable to minority interest	-	-	-	-	-	-	(95,140)	(95,140)	95,140	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	19,004,534	19,004,534	95,140	19,099,674
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	139,500	139,500	-	139,500
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(171,279)	-	-	-	(171,279)	200	(171,079)
Share of exchange translation reserve of associates	-	-	-	(5,586)	-	-	-	(5,586)	-	(5,586)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	35,964	35,964	231	36,195
Transferred to statutory reserve	-	-	-	-	1,881,281	-	(1,881,281)	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Interim cash dividend - March 31, 2014	-	-	-	-	-	-	(3,339,092)	(3,339,092)	-	(3,339,092)
Interim cash dividend - June 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)	-	(3,895,608)
Interim cash dividend - September 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)	-	(3,895,608)
<b>Balance as at December 31, 2014</b>	<b>11,130,307</b>	<b>-</b>	<b>9,924,438</b>	<b>542,637</b>	<b>20,132,970</b>	<b>18,600,000</b>	<b>49,765,031</b>	<b>110,095,383</b>	<b>511,960</b>	<b>110,607,343</b>
<b>Change in equity for three months ended March 31, 2015</b>										
Profit after taxation for three months period ended March 31, 2015	-	-	-	-	-	-	8,035,616	8,035,616	-	8,035,616
Profit attributable to minority interest	-	-	-	-	-	-	(31,894)	(31,894)	31,894	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	8,003,722	8,003,722	31,894	8,035,616
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(36,580)	-	-	-	(36,580)	(2,800)	(39,380)
Share of exchange translation reserve of associates	-	-	-	(14,242)	-	-	-	(14,242)	-	(14,242)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,973	11,973	64	12,037
Transferred to statutory reserve	-	-	-	-	791,200	-	(791,200)	-	-	-
Derecognition of retained earning on partial disposal in associate	-	-	-	-	-	-	(150,506)	(150,506)	-	(150,506)
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Final cash dividend - December 31, 2014	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
<b>Balance as at March 31, 2015</b>	<b>11,130,307</b>	<b>-</b>	<b>9,924,438</b>	<b>491,815</b>	<b>20,924,170</b>	<b>18,600,000</b>	<b>52,386,897</b>	<b>113,457,627</b>	<b>488,553</b>	<b>113,946,180</b>

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool  
President and Chief Executive

Mian Raza Mansha  
Director

Sarmad Amin  
Director

Muhammad Ali Zeb  
Director

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

#### 1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company  
- MCB Bank Limited

Subsidiary Companies

- MCB Financial Services Limited  
- MNET Services (Private) Limited  
- MCB Trade Services Limited  
- MCB - Arif Habib Savings and Investments Limited  
- "MCB Leasing" Closed Joint Stock Company  
- MCB Islamic Bank Limited

"Percentage holding of  
MCB Bank Limited"

99.99%  
99.95%  
100.00%  
51.329%  
95.00%  
100.00%

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB-15 Main Gulberg, Lahore. The Bank operates 1,233 branches including 32 Islamic banking branches (December 31, 2014: 1,222 branches including 27 Islamic banking branches) within Pakistan and 11 (December 31, 2014: 10) branches outside the country (including the Karachi Export Processing Zone Branch).

#### 2 BASIS OF PRESENTATION

2.1 This consolidated condensed financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and associates.

a) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the unaudited financial statements for the period ended March 31, 2015 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.

b) Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the period ended March 31, 2015.

c) Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in the financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.3 The financial results of the Islamic banking branches have been consolidated in this consolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to this consolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 101.9442 per US Dollar (2014: Rs.100.4831) and Rs. 0.7665 per LKR (2014: Rs 0.7659) have been used.

#### 3 STATEMENT OF COMPLIANCE

3.1 The consolidated condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.



## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

**3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 'Financial Instruments: Disclosures' on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**3.3** The disclosures made in this consolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2014.

#### 4 BASIS OF MEASUREMENT

**4.1** This consolidated condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

**4.2** This consolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

#### 5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

**5.1** The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

**5.2** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2014.

#### 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for significant accounting estimates and judgements adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

#### 7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Call money lendings	153,300	382,950
Repurchase agreement lendings	3,457,311	1,035,231
	<b>3,610,611</b>	<b>1,418,181</b>

#### 8 INVESTMENTS - NET

##### 8.1 Investments by types

Investments by types				
Held-for-trading securities		726,876	-	726,876
Available-for-sale securities	8.2	478,812,369	65,911,595	544,723,964
Held-to-maturity securities		8,558,562	58,641	8,617,203
		488,097,807	65,970,236	554,068,043
Associates				
- Adamjee Insurance Company Limited	8.3	5,554,438	-	5,554,438
- Euronet Pakistan (Private) Limited	8.4	65,642	-	65,642
		5,620,080	-	5,620,080
Investments at cost		493,717,887	65,970,236	559,688,123
Less: Provision for diminution in the value of investments		(1,686,749)	-	(1,686,749)
Investments (net of provisions)		492,031,138	65,970,236	558,001,374
Surplus on revaluation of available for sale securities - net		23,081,446	53,443	23,134,889
Surplus on revaluation of held-for-trading securities - net		13,926	-	13,926
Investments at revalued amounts - net of provisions		515,126,510	66,023,679	581,150,189

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

		December 31, 2014		
		Held by bank	Given as collateral	Total
		----- Rupees in 000 -----		
Held-for-trading securities		557,032	-	557,032
Available-for-sale securities	8.2	459,872,261	25,908,740	485,781,001
Held-to-maturity securities		7,825,991	58,441	7,884,432
		<b>468,255,284</b>	<b>25,967,181</b>	<b>494,222,465</b>
<b>Associates</b>				
- Adamjee Insurance Company Limited	8.3	6,203,825	-	6,203,825
- Euronet Pakistan (Private) Limited	8.4	64,511	-	64,511
		<b>6,268,336</b>	<b>-</b>	<b>6,268,336</b>
<b>Investments at cost</b>		<b>474,523,620</b>	<b>25,967,181</b>	<b>500,490,801</b>
Less: Provision for diminution in the value of investments		(1,702,808)	-	(1,702,808)
<b>Investments (net of provisions)</b>		<b>472,820,812</b>	<b>25,967,181</b>	<b>498,787,993</b>
Surplus / (deficit) on revaluation of available for sale securities - net		18,095,419	(12,437)	18,082,982
Surplus on revaluation of held-for-trading securities - net		27,324	-	27,324
<b>Investments at revalued amounts - net of provisions</b>		<b>490,943,555</b>	<b>25,954,744</b>	<b>516,898,299</b>

**8.2** Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2014: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2014: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

**8.3** Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2014 amounted to Rs. 3,860.946 million (December 31, 2014: Rs. 5,042.493 million).

#### Investment in Adamjee Insurance Company Limited under equity method - holding 27.59% (2014 : 29.13%)

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Opening Balance	6,203,825	5,386,250
Share of profit for the period / year before tax	221,908	580,609
Dividend from associate	-	(229,390)
Share of tax	(12,184)	(47,461)
	<b>209,724</b>	<b>303,758</b>
Share of other comprehensive income	(531,793)	513,817
Disposal during the period	(327,318)	-
Closing Balance	<b>5,554,438</b>	<b>6,203,825</b>

**8.4** Investment of the Group in Euronet Pakistan Private Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

#### Investment in Euronet Pakistan Private Limited under equity method - holding 30%

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Opening Balance	64,511	63,426
Share of profit for the period / year before tax	1,318	1,162
Share of tax	(187)	(77)
Closing Balance	<b>1,131</b>	<b>1,085</b>
	<b>65,642</b>	<b>64,511</b>

**8.5** The Bank incorporated MCB Islamic Bank Limited, a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. Subject to regulatory approvals, the operations of Islamic Banking Division of MCB Bank Limited referred in Note 19 will be transferred to the said subsidiary. The commercial operation of the said subsidiary will start after formal go ahead from State Bank of Pakistan. During the year 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary.

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

#### 9 ADVANCES - NET

		March 31, 2015	December 31, 2014
		----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc			
- In Pakistan		284,755,210	280,297,779
- Outside Pakistan		15,396,092	13,477,931
		300,151,302	293,775,710
Islamic Financing and related assets	19.1	11,107,357	13,885,804
Net Investment in finance lease			
- In Pakistan		2,134,954	2,101,598
- Outside Pakistan		786,503	1,032,743
		2,921,457	3,134,341
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		4,545,016	4,406,599
- Payable outside Pakistan		3,640,335	7,556,783
		8,185,351	11,963,382
<b>Advances - gross</b>		<b>322,365,467</b>	<b>322,759,237</b>
Less: Provision against loans and advances			
- Specific provision	9.1	(17,904,802)	(18,149,201)
- General provision		(322,165)	(322,307)
- General provision against consumer loans & small enterprise loans		(248,008)	(254,595)
- General provision by Sri Lanka operations		(35,562)	(32,571)
		(18,510,537)	(18,758,674)
<b>Advances - net of provision</b>		<b>303,854,930</b>	<b>304,000,563</b>

9.1 Advances include Rs. 21,684.111 million (December 31, 2014: Rs. 21,907.791 million) which have been placed under non-performing status as detailed below:

March 31, 2015						
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	29,312	-	29,312	1,780	1,780
Substandard		213,738	1,609	215,347	53,659	53,659
Doubtful		969,059	3,400	972,459	486,090	486,090
Loss		15,542,951	4,924,042	20,466,993	17,363,273	17,363,273
		16,755,060	4,929,051	21,684,111	17,904,802	17,904,802
December 31, 2014						
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	50,405	-	50,405	3,477	3,477
Substandard		234,172	-	234,172	58,352	58,352
Doubtful		873,888	-	873,888	436,526	436,526
Loss		15,896,249	4,853,077	20,749,326	17,650,846	17,650,846
		17,054,714	4,853,077	21,907,791	18,149,201	18,149,201

9.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

		March 31, 2015	December 31, 2014
		----- (Rupees in '000) -----	
<b>10 BORROWINGS</b>			
In Pakistan		84,211,711	52,126,784
Outside Pakistan		4,987,752	7,649,794
		89,199,463	59,776,578
<b>10.1 Details of borrowings (secured / unsecured)</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Export refinance scheme		11,743,041	10,604,033
Long term financing facility		4,734,755	4,828,527
Long term financing - export oriented projects scheme		45,225	60,365
Financing Facility for Storage of Agricultural Produce		464,775	509,061
		16,987,796	16,001,986
Repurchase agreement borrowings		66,282,555	25,952,261
		83,270,351	41,954,247
<b>Unsecured</b>			
Borrowings from other financial institutions		1,210,375	4,696,990
Call borrowings		4,411,328	12,783,248
Overdrawn nostro accounts		307,409	342,093
		5,929,112	17,822,331
		89,199,463	59,776,578
<b>11 DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		63,634,405	62,126,560
Savings deposits		407,820,409	382,535,978
Current accounts		239,009,395	227,119,749
Margin accounts		4,286,052	4,207,605
		714,750,261	675,989,892
<b>Financial institutions</b>			
Remunerative deposits		5,704,991	7,193,847
Non-remunerative deposits		5,643,801	5,086,352
		11,348,792	12,280,199
		726,099,053	688,270,091
<b>12 DEFERRED TAX LIABILITY / (ASSET) - NET</b>			
The details of the tax effect of taxable and deductible temporary differences are as follows:			
<b>Taxable temporary differences on:</b>			
Surplus on revaluation of operating fixed assets		931,017	937,505
Accelerated tax depreciation		1,400,987	1,440,377
Receivable from pension fund		2,568,389	2,542,139
Investments in associates		291,184	285,262
Surplus / deficit on revaluation of securities		7,880,864	5,947,082
		13,072,441	11,152,365
<b>Deductible temporary differences on:</b>			
Provision for bad debts		(19,404)	(21,640)
Taxable losses		(119)	(157)
Provision for post retirement benefits		(382,021)	(394,727)
		(401,544)	(416,524)
		12,670,897	10,735,841
<b>13 CONTINGENCIES AND COMMITMENTS</b>			
<b>13.1 Direct credit substitutes</b>			
Contingent liabilities in respect of guarantees given favouring			
- Government		14,579,714	15,307,109
- Banks and financial institutions		3,547,281	3,895,904
- Others		16,440,501	15,334,608
		34,567,496	34,537,621
<b>13.2 Transaction-related contingent liabilities</b>			
Guarantees in favour of:			
- Banks and financial institutions		40,471	-
- Others		2,224,418	2,026,346
- Suppliers credit / payee guarantee		2,235,176	2,235,176
		4,500,065	4,261,522

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
<b>13.3 Trade-related contingent liabilities</b>	<b>84,492,487</b>	86,547,085
<b>13.4 Other contingencies</b>	<b>3,065,783</b>	3,393,783

Claims against the Bank not acknowledged as debts

These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

#### 13.5 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

#### 13.6 Commitments in respect of forward foreign exchange contracts

Purchase	52,333,183	47,859,438
Sale	50,762,657	49,478,965

#### 13.7 Commitments for the acquisition of fixed assets

	104,787	125,438
--	---------	---------

#### 13.8 Forward outright of Government Securities

Purchase	150,000	100,000
Sale	400,000	250,000

#### 13.9 Other commitments

FX options (notional amount)		
Purchase	371,507	-
Sale	371,507	-

#### 13.10 Taxation

For assessment year 1988-89 through tax year 2014, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs.4,278 million (2014: Rs.3,818 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

#### 14 GAIN ON SALE OF SECURITIES - NET

	Three months ended	
	March 31, 2015	March 31, 2014
	---- (Rupees in '000) ----	
Federal Government Securities		
-Market Treasury Bills	1,699	299
-Pakistan Investment Bonds	1,097,222	7,620
Listed Shares / units	1,328,146	242,951
	<b>2,427,067</b>	250,870

#### 15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit after taxation	8,003,722	5,651,053
	(Number of shares)	
Weighted average number of shares outstanding during the period	1,113,030,748	1,113,030,748
	(Rupees)	
Basic and diluted Earnings per share - after tax	7.19	5.08

#### 16 CREDIT RATING

PACRA through its notification dated June 26, 2014, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

#### 17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Three months ended March 31, 2015						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination	Total
	(Rupees in '000)						
Total income	90,917	5,586,656	9,357,300	2,253,127	170,945	-	17,458,945
Total expenses	(19,292)	(350,367)	(4,156,827)	(847,429)	(67,855)	-	(5,441,770)
Income tax expense	-	-	-	-	-	-	(3,981,559)
Net income	71,625	5,236,289	5,200,473	1,405,698	103,090	-	8,035,616
Segment assets - (Gross of NPLs Provisions)	846,851	669,437,957	800,098,793	248,163,393	1,836,753	(694,769,475)	1,025,614,272
Advance taxation (payment less provision)	-	-	-	-	-	-	1,039,072
Total assets	846,851	669,437,957	800,098,793	248,163,393	1,836,753	(694,769,475)	1,026,653,344
Segment non performing loans	-	-	8,095,716	13,588,395	-	-	21,684,111
Segment specific provision required	-	-	8,064,442	9,840,360	-	-	17,904,802
Segment liabilities	76,973	590,487,933	740,434,833	217,338,936	438,890	(694,769,475)	854,008,090
Deferred tax liabilities - net	-	-	-	-	-	-	12,670,897
Total liabilities - net	76,973	590,487,933	740,434,833	217,338,936	438,890	(694,769,475)	866,678,987
Segment return on assets (ROA) (%)	42.94%	3.34%	4.73%	3.78%	37.23%	-	-
Segment cost of fund (%)	-	8.82%	5.34%	7.87%	-	-	-

	Three months ended March 31, 2014						
	----- (Rupees in '000) -----						
Total income	29,377	1,691,131	8,973,907	2,239,429	131,441	(3,641)	13,061,644
Total expenses	(14,679)	(176,329)	(3,552,557)	(681,888)	(68,915)	3,641	(4,490,727)
Income tax expense	-	-	-	-	-	-	(2,896,145)
Net income	14,698	1,514,802	5,421,350	1,557,541	62,526	-	5,674,772
Segment assets - (Gross of NPLs provision)	279,652	508,316,462	716,943,310	220,921,284	1,505,743	(599,787,942)	848,178,509
Advance taxation (payment less provision)	-	-	-	-	-	-	3,793,008
Total assets	279,652	508,316,462	716,943,310	220,921,284	1,505,743	(599,787,942)	851,971,517
Segment non performing loans	-	-	9,386,414	13,128,005	-	-	22,514,419
Segment specific provision required	-	-	9,334,562	9,463,842	-	-	18,798,404
Segment liabilities	35,758	483,511,167	635,534,989	189,581,470	226,378	(599,787,942)	709,101,820
Deferred tax liabilities - net	-	-	-	-	-	-	5,181,456
Total liabilities - net	35,758	483,511,167	635,534,989	189,581,470	226,378	(599,787,942)	714,283,276
Segment return on assets (ROA) (%)	42.02%	1.33%	5.07%	4.24%	34.92%	-	-
Segment cost of fund (%)	-	9.78%	6.23%	9.57%	-	-	-

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

Segment cost of funds have been computed based on the average balances.





## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

#### 19 ISLAMIC BANKING BUSINESS

The Bank is operating 32 Islamic banking branches as at March 31, 2015 (2014: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at March 31, 2015 is as follows:

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
<b>Assets</b>		
Cash and balance with treasury banks	906,757	611,058
Balance with other banks	1,794,035	-
Due from financial institution	-	-
Investments - net	5,380,190	3,707,589
Islamic financing and related assets	10,989,587	13,768,034
Operating fixed assets	2,127,497	2,175,818
Deferred tax assets	-	-
Other assets	185,439	67,535
	<b>21,383,505</b>	<b>20,330,034</b>
<b>Liabilities</b>		
Bills payable	105,860	96,574
Due to financial institution	824,950	515,200
Deposits and other accounts		
- Current accounts	1,365,040	1,127,464
- Saving accounts	2,342,457	1,978,248
- Term deposits	2,697,016	3,122,950
- Others	30,601	29,847
Deposits from financial institution - remunerative	67,424	4,728,287
Deposits from financial institution - non remunerative	10,000,012	12
Due to head office	1,383,215	6,427,402
Deferred tax liability	-	-
Other liabilities	475,484	541,245
	<b>19,292,059</b>	<b>18,567,229</b>
<b>Net assets</b>	<b>2,091,446</b>	<b>1,762,805</b>
<b>Represented by</b>		
Islamic Banking Fund	1,900,000	1,500,000
Unappropriated profit	151,280	243,462
	<b>2,051,280</b>	<b>1,743,462</b>
Surplus on revaluation of assets	40,166	19,343
	<b>2,091,446</b>	<b>1,762,805</b>

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

	March 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
<b>19.1 Islamic Financing and Related Assets</b>		
Murabaha	9,390,483	12,097,673
Ijarah	76,420	108,984
Diminishing Musharakah	1,640,454	1,679,147
<b>Gross Advances</b>	<b>11,107,357</b>	<b>13,885,804</b>
Provision held	(117,770)	(117,770)
<b>Advance - net of provision</b>	<b>10,989,587</b>	<b>13,768,034</b>
<b>19.1.1 Murabaha</b>		
Financing/Investments/Receivables	4,031,976	4,534,519
Advances	593,902	1,036,720
Assets/Inventories	4,764,605	6,526,434
	<b>9,390,483</b>	<b>12,097,673</b>
<b>19.1.2 Ijarah</b>		
Advances	76,420	108,984
	<b>76,420</b>	<b>108,984</b>
<b>19.1.3 Diminishing Musharakah</b>		
Financing/Investments/Receivables	1,640,454	1,554,785
Advances	-	124,362
	<b>1,640,454</b>	<b>1,679,147</b>
<b>CHARITY FUND</b>		
Opening balance	19,681	2,877
<b>Additions during the period</b>		
Received from customers on delayed payments	403	20,919
Return on charity saving account	218	885
	<b>621</b>	<b>21,804</b>
<b>Payments / utilization during the period</b>		
Social Welfare	-	(2,000)
Health	-	(2,000)
Education	-	(1,000)
	<b>-</b>	<b>(5,000)</b>
Closing balance	<b>20,302</b>	<b>19,681</b>

## MCB Bank Limited & Subsidiary Companies



### Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2015

The profit and loss account of the Bank's Islamic banking business for the three months period ended March 31, 2015 is as follows:

	Quarter ended March 31, 2015	Quarter ended March 31, 2014
	----- (Rupees in '000) -----	
Income / return / profit earned	427,124	275,900
Income / return / profit expensed	170,208	194,917
Net Income / Profit	256,916	80,983
Provision / (reversal) against loans and advances - net	-	-
Provision / (reversal) for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Net profit / income after provisions	256,916	80,983
<b>Other income</b>		
Fee, commission and brokerage income	145,115	108,693
Dividend income	-	-
Income from dealing in foreign currencies	4,772	4,077
Other Income	25,455	3,858
Total other income	175,342	116,628
<b>Other expenses</b>		
Administrative expenses	280,978	177,610
Other provisions / write offs	-	-
Other charges (Penalty paid to SBP)	-	-
Total other expenses	280,978	177,610
Extra ordinary / unusual items	-	-
Profit before taxation	151,280	20,001
Remuneration to Shariah Advisor / Board	522	522

#### 20 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this consolidated condensed interim financial information.

#### 21 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 28, 2015 has announced cash dividend in respect of the three months ended March 31, 2015 of Rs. 4.00 per share (March 31, 2014: Rs. 3.00 per share). This consolidated condensed interim financial information for the three months period ended March 31, 2015 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

#### 22 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 28, 2015.

  
Imran Maqbool  
President and Chief Executive

  
Mian Raza Mansha  
Director

  
Sarmad Amin  
Director

  
Muhammad Ali Zeb  
Director



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